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of Lehman Brothers Creditors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : Chapter 11 Case No.
:
LEHMAN BROTHERS HOLDINGS INC., et al. : 08-13555 (JMP)
:
Debtors. : (Jointly Administered)
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**STATEMENT OF THE AD HOC GROUP OF LEHMAN BROTHERS CREDITORS IN
SUPPORT OF THE DEBTORS' MOTION FOR AUTHORIZATION TO (I) ENTER
INTO AN ASSET MANAGEMENT AGREEMENT FOR THE MANAGEMENT
OF THE DEBTORS' COMMERCIAL LOAN PORTFOLIO AND (II) SELL
COMMERCIAL LOANS TO SPECIAL PURPOSE ENTITIES IN CONNECTION
WITH THE ISSUANCE OF COLLATERALIZED LOAN OBLIGATIONS**

TO THE HONORABLE JAMES M. PECK,
UNITED STATES BANKRUPTCY JUDGE:

The Ad Hoc Group of Lehman Brothers Creditors (the “Group”), by and through its undersigned counsel, files this statement in support (the “Statement”) of the Debtors’ Motion Pursuant to Sections 105 and 363 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 6004 for Authorization to (I) Enter Into an Asset Management Agreement for the Management of the Debtors’ Commercial Loan Portfolio and (II) Sell Commercial Loans to Special Purpose Entities in Connection with the Issuance of Collateralized Loan Obligations, dated July 27, 2011 (the “Motion”) [Docket No. 18810], filed on July 27, 2011, by Lehman Brothers Holdings Inc. (“LBHI”) and its affiliated debtors in possession (collectively, with

LBHI, the “Debtors”) in the above-referenced chapter 11 cases (the “Chapter 11 Cases”). As and for its Statement, the Group respectfully represents as follows:

STATEMENT

1. The Group has participated in numerous matters before the Court. In many instances, the Group has worked constructively with the Debtors and ultimately supported the relief sought; on rare occasions, the Group has objected to such relief. In either case, the Group has made its position known on material issues where it has determined that the informed views of third-party stakeholders might be of particular assistance to the Court. This participation has not been limited to instances where the subject matter affected only the parochial interests of the Group’s members and has included matters that affect the broader interests of creditors as a whole.

2. Even outside the context of the court room, the Group has engaged and shared its views with the Debtors and Committee regarding its views as to potential ways to maximize stakeholder recoveries. In fact, prior to the Motion, the Group has had numerous dialogues with the Debtors and their professionals to explore, as a general matter, ways to maximize and expedite distributions to all creditors and, specifically, the possibility of creating CLOs in which to place the loans in the Commercial Loan Portfolio.¹

3. The Group believes that the relief sought in the Motion is appropriate both in timing and in substance. Like the Debtors, the Group believes that receipt of the net cash received by the CLO Issuers from the CLO proceeds may monetize the Corporate Loan Portfolio in the most efficient and expeditious fashion, while also providing the Debtors with the possibility of substantial upside through the possession of the economic equity interests in the respective CLO Issuers in the event that the contributed loans outperform expectations. As well,

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

the Group understands from the Debtors that the relief requested will not interfere with the additional reporting requirements included in the Debtors' second amended plan, which were negotiated by the Group to provide greater transparency and accountability post-effective date. Accordingly, the Group supports the relief sought in the Motion. In fact, the Group notes that it had indicated to the Debtors that it would have pursued this strategy itself in that context if its plan were pursued.

WHEREFORE, for the foregoing reasons, the Group requests that the Court grant the relief sought in the Motion and any other relief the Court deems just and proper.

Dated: August 11, 2011
New York, New York

Respectfully submitted,

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By: /s/ Gerard Uzzi
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